

FISCAL NOTE

SB 3580 – HB 3480

March 8, 2006

SUMMARY OF BILL: Exempts services provided by real estate licensees and real estate brokerage firms from the business tax.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$605,000

Decreases Local Govt. Revenues - \$801,000

Assumptions:

- Real estate licensees and real estate brokerage firms would fall into Class 3 businesses for the purpose of assessing business tax.
- Business tax for Class 3 businesses is assessed on 3/16 of 1% of all retail sales of the business.
- According to Department of Revenue sources, the taxable services of these firms are estimated at \$750.0 million per year.
- Business tax revenue is estimated at approximately \$1,406,000 ($\$750.0 \text{ million} \times \frac{3}{16} \times 1\% = \$1,406,250$).
- Business tax revenue is apportioned approximately 43% to the state and 57% to local governments.
- The decrease to state revenues is estimated at \$605,000 ($\$1,406,000 \times 43\% \text{ state share} = \$604,580$).
- The decrease to local government revenues is estimated at \$801,000 ($\$1,406,000 \times 57\% \text{ local share} = \$801,420$).
- This act shall take effect on July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director